Hanns Seidel Stiftung

THE POLICY INSTITUTE

KING'S College LONDON

# Revitalising the relationship

*Improving UK-German defence cooperation to strengthen European security*

Armida van Rij
Benedict Wilkinson

June 2021

## About this project

**This is the final report in a research project called "Strengthening UK-German defence cooperation", funded by the Hanns Seidel Foundation and supported by the Federal Republic of Germany.**

**As part of the project, we have published five studies on UK-German cooperation, written by British and German defence experts. The complete series can be found below. For more information about this project, please visit our website. You can find details of the published studies below.**

*Becker, S. Mölling, C. and Schütz, T. UK-Germany defence cooperation: Bridging the political and military gaps. November 2020.*

*Williams, H. European leadership in nuclear arms control: Opportunities for UK-German cooperation. November 2020.*

*Becker, S. Mölling, C. and Schütz, T. The future of UK-Germany defence industrial cooperation. November 2020.*

*Becker, S. Mölling, C. and Schütz, T. Learning together: UK-Germany cooperation on military innovation and the future of warfare. Policy Institute, King's College London. November 2020.*

*Thomas, B. Towards a common 5G strategy: The case for UK-German collaboration. Policy Institute, King's College London. December 2020.*

# Introduction

> The UK-German axis is... the weakest link between the three largest defence powers in Europe: the UK, France and Germany"

The defence relationship between the UK and Germany was once described as the "stille Allianz" (the silent alliance).[1] This neatly captured not only the important elements of cooperation that did and do take place in some areas, but also the relatively hidden nature of the relationship. In comparison to the relationships between Germany and the Netherlands, and the UK and France, the UK-German relationship has less fanfare, and less noise. In part, this is because the UK-German axis is not as developed as these other bilateral relations are. Crucially, this has ramifications for the security of Europe: it is the weakest link between the three largest defence powers in Europe: the UK, France and Germany.

Although the relationship may not be as deep as other bilaterals both nations enjoy, it is long-standing. British troops have been stationed in Germany since the end of the Second World War. Germany has been firmly anchored within European security since the Federal Republic of Germany joined NATO in 1955. Today, the scene is very different: following the campaigns in Iraq and Afghanistan, NATO has partially returned to its original purpose of providing a deterrent for state-based aggression, in particular from Russia. As the character of warfare has changed, so too have – slowly in some cases, fast in others – nation states adapted to the changing threat environment. Troop numbers are increasingly as important as having offensive and defensive cyber capabilities.

In this constantly changing world, and rapidly evolving external threat environment, it is useful to assess partnerships and alliances, to investigate whether and where collaboration can be strengthened to help nations better prepare and adapt. While the UK and Germany have a long history of operating alongside each other, they do not necessarily have the same history of cooperating with one another. Shifting from parallel operations to operational partnerships requires time and investment – financially and resource-wise. Without this, however, defence cooperation will likely remain largely responsive and ad hoc, rather than a systematic and structured partnership.

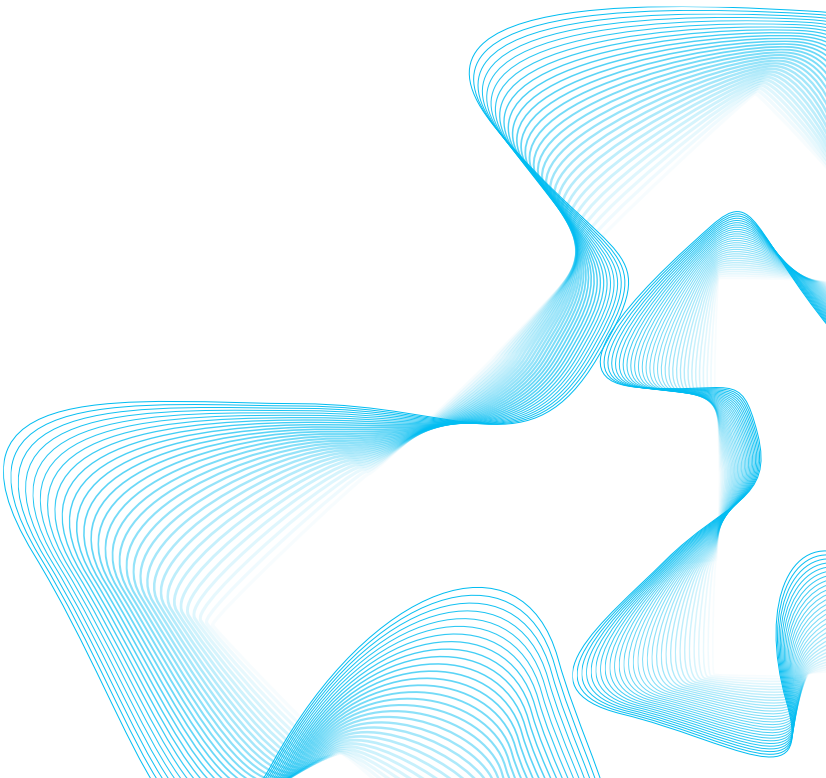
In this report, we set out areas in which stronger cooperation between the UK and Germany would be most beneficial. Late last year, we published a series of reports written by British and German experts on UK-German defence capabilities, industrial cooperation, defence innovation, nuclear arms control and 5G. These reports clearly showed the need for strategic planning and coordination at the highest levels in Berlin and London. Yet achieving this means overcoming a series of challenges. In this final report, we bring together the findings from these previous studies. Having analysed the challenges, existing initiatives, and recommendations from these studies, we suggest three strategically important areas, or themes, where there is scope to benefit from deepening defence relations. The first is **focussing efforts which benefit European security more widely**. The second is **undertaking joint exercises, training, and sharing best practices** – these are comparatively low effort but can help build better collaboration. Finally, the third strategic theme is to make **joint financial investments in capabilities and equipment development**. The latter in particular may be more challenging to achieve, but has the potential for significant rewards if successful.

In describing this, we recognise that there are political challenges to overcome if the UK and Germany are to deepen their relationship. For Germany, there is the

balancing act over preserving EU unity and supporting EU defence initiatives; bilateral cooperation, to a degree, runs against this logic. For the UK, the question is where it focuses its energies post-Brexit, though much of the mood music from the Integrated Review and the Defence Command Paper suggests that this balancing act is less challenging to resolve.

The report structure is as follows: in the first section of this report, we discuss the context for UK-German defence cooperation, and make the case for stronger defence relations between the two countries. In the second section, we discuss how UK-German cooperation is currently an untapped resource, particularly with regards to equipment collaboration and diplomacy. Finally, in the third section we discuss the strategic themes which should be a priority for improving UK-German defence cooperation.

The premise for UK-German cooperation in this report focusses specifically on the extent to which the bilateral relationship can have benefits far beyond just London and Berlin. We suggest the relationship can act as a vector for positive change in Europe with regards to the UK's relations with continental Europe, and within NATO. This premise is important, in our view, because concentrating efforts on purely bilateral cooperation would essentially have the same result as riding a horse with blinders on: easier to control, but devoid of context.



# Context for cooperation

> In a world where evermore interconnected, messy frontlines are being drawn and redrawn, countries are constantly adapting to evolving security threat environments"

The political context in which this cooperation takes place is subject to everchanging circumstances. The return of great power competition – the US, China and Russia being the main actors – has challenged post-Cold War thinking on competition, resilience and conventional defence. A 2018 study found that both the UK and Germany view Russia as a major threat to their security.[2] After almost two decades of concentrating on counter-terrorism, NATO is now having to juggle a range of security threats and risks, which are varied but largely boil down to terrorism, and deterrence against state aggression – either directly or through proxies. Coupled with this are concerns over so-called grey-zone warfare, including cyber and sophisticated dis- and misinformation attacks – which have the potential to be as destabilising as conventional attacks. At the same time, while ISIS has been all but defeated in Syria and Iraq, conflict in Yemen, Ethiopia the Central African Republic continues to take lives. In a world where evermore interconnected, messy frontlines are being drawn and redrawn, countries are constantly adapting to evolving security threat environments.

The EU, spurred on by changing threat environments and concerns that the US's security umbrella may not always protect it, has developed a flurry of proposals to bolster EU defence. Achieving European "strategic autonomy" is the objective: as outlined in the 2016 EU Global Strategy, this is the idea that Europe must become more self-sufficient with regards to the defence of the continent against security threats, and must therefore better coordinate defence spending, planning and development. While there was initially broad support for these initiatives, EU member states have since been divided on policy priorities and have failed to put forward a united strategic outlook for Europe, despite recent efforts through the Strategic Compass towards consensus.[3] Negotiations for the EU's Multi-Annual Financial Framework have significantly reduced the funding available for these initiatives, demonstrating the limitations of political support from the member states.[4] And yet, this does not take away from the importance that the EU does indeed further develop its own defence capabilities.

EU defence cooperation initiatives are only part of the equation when considering how to improve the security of the European continent. EU member states have often felt the need to choose between NATO and the EU when it comes to defence and security operations and capabilities.[5] However, this is a false dichotomy: ultimately, the purpose is the security of Europe, and of assets held by European states. Such perceptions stifle debate and draw resources away from the important issue at hand: how to improve European defence cooperation.

This is the crux of the matter regarding any form of defence cooperation: the end goal is upping European defence capabilities at manageable costs by improving cooperation among countries through increased interoperability and joint procurement. Crucially, this means creating the incentives and frameworks which enable this to happen. This is where bilateral relations such as the UK-German defence relationship matter: the benefits of such cooperation are not just for the UK and Germany, but will contribute to European defence. In post-Brexit Europe, having closer defence relations is more important than ever. This is a crucial time to be thinking about stronger UK-German cooperation: for Germany, the objective is to keep the UK anchored within European defence; for Britain, it is important

to maintain ties to the continent. While the "stille Allianz" is perhaps not the most visible one, it is a potentially powerful one which could have far-reaching benefits for European security.

## The state of British and German defence

The UK and Germany have had very different experiences of defence following the end of the Second World War and Germany's reunification in 1990 in particular. The Bundeswehr was established by outside powers with the objective to ensure that Germany's military might would remain limited. The purpose of the Bundeswehr from the onset was to be a defensive organisation, rather than an offensive force, with its troops not to be deployed abroad. The UK, on the other hand, suffered imperial decline in the post-war period. Yet its forces maintained full-spectrum capabilities. It was willing and able to project power abroad, as demonstrated for example in Bosnia following the breakup of Yugoslavia, the Gulf War, and more recent military actions such as the 2011 intervention in Libya.

Since then, the context has significantly changed and Germany has proved itself as an able and willing military actor. Since the "Munich Consensus" of 2014, Chancellor Merkel and other senior figures of her government have suggested a shift in mentality at the top of government, and an acknowledgement that Germany needs to contribute its fair share to world peace. The 2016 defence white paper stated that Germany should increase its contributions to international security, including with military means.[6] Indeed, German Defence Minister Annegret Kramp Karrenbauer noted in 2019 that "we are currently witnessing a return of great-power competition for spheres of influence and supremacy".[7] The German Federal Ministry of Defence is concerned with addressing capability gaps and redressing shortages of basic equipment within the German Armed Forces. According to their NATO figures, the German government is also slowly but surely increasing defence spending over the next decade. The current goal is to achieve 2 per cent of GDP spending, as per the NATO guidelines agreed during the 2014 Wales Summit, on defence by 2031, adjusted from 2024. In 2020, however, German defence spending was 1.4 per cent of GDP, up from previous years but still far from the 2 per cent goals.[8] These figures should be taken with some caution however, as current spending plans only foresee a more or less stable (current prices) spending plateau until 2024. Whichever set of figures transpires to be accurate, German defence expenditure has increased significantly since 2015, At the same time, Germany continues to prefer multilateral cooperation in the form of NATO missions or EU CSDP crisis management operations, limiting Germany's actions on the world stage, which are not proportional to its size and weight.[9]

Germany spent
**1.4%**
of its GDP on defence in 2020

the goal is to spend
**2%**
of its GDP on defence in 2030

The UK, on the other hand, is focussed on making Brexit a success. Under the banner of "Global Britain", the UK has redefined its future post-Brexit foreign policy and is implementing this. While the Integrated Review made little mention of the UK's European allies, including Germany, the Defence Command paper specifically discussed working with Germany on equipment development and to increase operational cooperation.[10] Defence and security were not covered by the EU-UK Trade and Cooperation Agreement reached at the end of 2020 – instead the UK government would prefer to have ad hoc dialogue on these issues.[11] While it is not

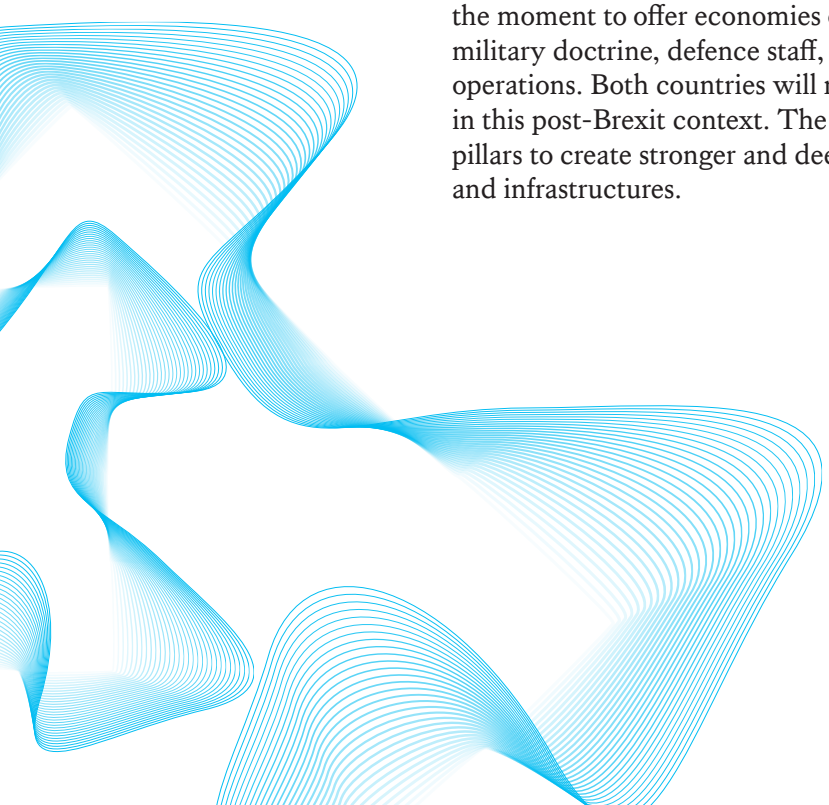
yet clear how this will work in practice, one likely consequence is that the UK will seek to exercise influence through its network of bilateral and multilateral relations in Europe.[12] At the same time, the UK's Integrated Review shows there will be a shift from conventional preparedness to a bigger focus on cyber security, technology, and space.[13]

Today, defence cooperation between the UK and Germany is important, and it is clear that there exists a desire among politicians as well as the defence and security communities in each country to work together more closely on defence. This is evidenced by the signing of the Joint Vision Statement in October 2018 by the countries' respective defence ministers, which builds upon two prior occurrences: firstly, in its 2015 Strategic Defence and Security Review (SDSR), the UK elevated Germany to a "Tier 1" country, a status previously only afforded to the United States and France.[14] And secondly, Germany's 2016 defence white paper emphasised its "security partnership with the United Kingdom, which has a long tradition and which we aim to further expand in all areas of common interest".[15] Clearly, there are political balancing acts to be resolved, but if the will is there, progress here is eminently possible.

"The UK and Germany share the same values and beliefs... The question, then, is how to build on these fundamental pillars to create stronger and deeper defence ties, which will help safeguard citizens and infrastructures"

As the context of cooperation changes, the UK and Germany continue to share fundamental values. They share a recognition of the emergence of a more competitive world. They are acutely aware of the threats posed by hybrid and grey-zone war. Yet despite this ever-evolving external context, they also continue to share their commitment to an international rules-based order. Indeed, the UK has engrained this in its post-Brexit vision for its foreign policy: championing and maintaining the rules-based international system is one of the three key pillars of "Global Britain".[16] For both countries, membership and being committed to NATO is part of that rules-based order.

The case for deeper cooperation is clear: the UK and Germany share the same values and beliefs that underpin their democracies. There exists a significant opportunity at the moment to offer economies of scale across defence: on equipment and capabilities, military doctrine, defence staff, but also in terms of joint threat assessments and police operations. Both countries will need each other for defence and security cooperation in this post-Brexit context. The question, then, is how to build on these fundamental pillars to create stronger and deeper defence ties, which will help safeguard citizens and infrastructures.



# An untapped resource

> Beneath the surface, the UK and Germany share many similarities... both share a world view which places importance on norms and values in the global world order, and both have thriving defence industries"

Defence cooperation between the UK and Germany is often overshadowed by other bilateral cooperation, such as the Franco-German axis, or the UK-France relationship. To some extent this is understandable: France and Germany are major powers in Europe, and the UK and France have much closer and more established bilateral defence cooperation. And yet, there is also merit in examining defence cooperation between the two major economic powers of Europe – the UK and Germany – as a partnership of its own. It is easy to point to the differences between the two countries: differences in defence spending, diverging attitudes to military interventions abroad, different perspectives on the role of nuclear weapons – the list is long. And yet, beneath the surface, the UK and Germany share many similarities too: both share a world view which places importance on norms and values in the global world order, and both have thriving defence industries.

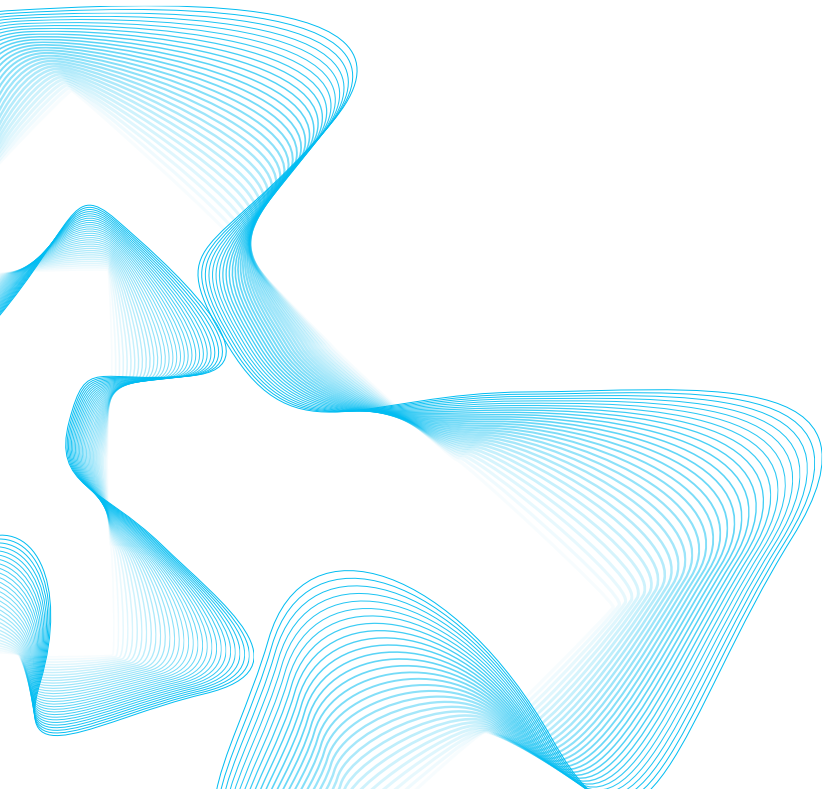
Deepening and structuring the bilateral relationship would mean making use of a currently largely underused resource potential. This is particularly the case in two areas: equipment and diplomacy. Regarding equipment collaboration: it is no secret that cost-efficiency levels within Europe when it comes to the procurement and production of arms are wholly inefficient. Duplication of spending and capability due to governments wanting to preserve and develop their national defence industrial bases and overly nation-specific technical requirements for military equipment is hugely inefficient, ultimately drives up production costs due to not being able to achieve economies of scale, and hinders cooperation by not have standard fittings and compatible equipment and components. Yet when successful, it is hugely beneficial, as for example demonstrated with the M3 river crossing capacity which has now led to the integration of joint unit British and German units for a capability in short supply in NATO.

Beyond equipment though, there is also a broader benefit about leveraging diplomatic heft to the benefit of Europeans. The UK's diplomatic power and global influence remains significant when it is willing to deploy serious resources. An example is the response to the Novichok attack on former Russian spy Sergei Skripal against Russia. Using its diplomatic might, the UK was able to rapidly build a coalition of countries across Europe and North America willing to take action against Russia in the form of sanctions or diplomatic expulsions. Given the context at the time of sensitive Brexit negotiations and a pro-Russia US President, the UK was nonetheless able to use its diplomatic resources to rally support.[17] Likewise, Germany wields significant influence in Europe and beyond. It is Europe's largest economy and a main player in European and EU politics: current European Commission President von der Leyen is German and Merkel's CDU-affiliated European People Party is the largest grouping in the European Parliament. Merkel was the lead negotiator with Russia over the 2014 Ukraine crisis, and Germany led the management and thinking during the Eurozone crisis of 2011.[18]

Both countries have significant diplomatic heft – when they choose to use it. The UK and Germany have increased diplomatic E3 cooperation with France in recent years, particularly on issues related to the Middle East. While the E3 started as a forum for discussion on Iran and the JCPOA, it has since expanded to other regional issues too, particularly on Syria, Libya and more recently Saudi Arabia too. Since the Brexit referendum in 2016, however, E3 cooperation has intensified. It is generally

seen as a powerful forum to maintain alignment on foreign policy issues between the three countries while the UK is outside of the EU.[19] Aside from issues related to Iran, there appears to be convergence in thinking between the capitals when it comes to values-based foreign policy. For as long as a UK-EU framework for cooperation on issues related to foreign policy and security remains absent or weak, it is possible that the E3 format may become a more important avenue for cooperation instead.[20] The UK and Germany see eye to eye on specific regional issues, so the next question is whether there is scope to increase diplomatic cooperation on a wider range of issues. Particularly in a post-Brexit context, this dialogue would be a fruitful and necessary link across the Channel.

There is great potential for the UK-German relationship to amount to more than the sum of its parts. Yet currently, this remains constrained. To some extent, any political constraints on the optics caused by Brexit will ebb away over time. Both the UK and Germany, and indeed the rest of European governments, are fully aware that the UK is a key foreign policy player and its involvement in initiatives or projects will only add to its legitimacy. Equally the UK recognises it cannot go it alone and deeply needs its European partners, especially in scenarios where the US is unavailable or has different priorities. It makes sense, then, for the UK to build as close ties as possible to Europe, and maximising the potential benefits of the UK-German defence relationship is a good place to start.



# Strategic themes for improving defence cooperation

The five reports previously published as part of this project together produced 77 policy recommendations across a range of areas: the three domains (land, sea, air), intelligence, innovation, arms control and 5G, just to name a few. Clearly, each of these recommendations have their own merit. Some might be more easily achievable than others, others may be politically contentious but bring significant rewards, and others may be largely symbolic. One of the things the analysis shows, is that by-and-large, diplomatic initiatives and those that build on existing cooperation are easier to achieve, whereas those that require significant new financial investment are more challenging to achieve. Yet taken together, the set of recommendations could drastically change and improve the bilateral defence relationship between the two countries. Cooperation between the UK and Germany is largely ad hoc today. Yet, the ambition should be to positively nurture this relationship from both Berlin and London to achieve common objectives. The current lack of coherence on existing defence cooperation is a barrier.

We analysed the complete set of policy recommendations, and identified three strategic themes for UK-German defence cooperation which should be prioritised. These themes were selected based on their achievability and their strategic importance to the relationship and beyond. The first theme discussed bilateral initiatives which have clear wider European benefit. The second strategic theme concentrates on efforts to share learning and conduct joint research. The third and final theme analyses joint capability investment. While there are many ways in which bilateral UK-German defence cooperation could be improved, these three areas are of strategic importance and should be prioritised, with positive ripple effects for the rest of Europe.

## 1. Cooperation to strengthen European defence

> “No country in Europe would be able to single-handedly mount a successful defence to a large-scale attack from any adversary”

The UK has formally left the EU. A discussion of the merits or perils of doing so is not relevant here. Instead, the reality is that while the UK may no longer be part of key pan-European political decision-making and cooperation institutions, its geographical location has not changed. In the run up to the UK’s departure, No. 10 has sought to continuously stress that “while the UK is leaving the EU, it is not leaving Europe”.[21] This is particularly relevant when it comes to defence cooperation; no country in Europe would be able to single-handedly mount a successful defence to a large-scale attack from any adversary – whether that’s terrorist organisations, hostile states, or a combination of hybrid threats. Security today by definition means working closely with allies and like-minded countries to protect populations. Doing so, by extension, means reflecting on the sharing of resources and intelligence. Most of the UK’s now former fellow EU member states remain fellow NATO members: of the 30 current NATO members, over two-thirds are EU member states.

The areas of cooperation we are interested in with regards to UK-German defence cooperation, however, go beyond mere bilateral benefits. While benefits for the two countries’ collaboration are clearly crucial, there is also a strong case to be made for initiatives which amount to more than the sum of their individual parts. In the case of UK-German defence relations, cooperation would benefit both NATO and European defence – though one could argue these are one and the same. This is particularly timely during this immediate post-Brexit period, during which the groundwork for

the paradigms of future cooperation between the UK and the rest of Europe will be laid.

"European defence" encompasses EU-led initiatives, such as capabilities developed with support from the European Defence Fund (EDF), but also NATO initiatives in the Baltic states for example, as well as other bilateral and multilateral defence initiatives, such as President Macron's European Intervention Initiative. It is in this domain in particular that the UK and Germany have opportunities to work together on defence initiatives which have tangible benefits beyond their countries' borders.

A first area with potentially significant benefit is in the European mobility domain. The EDA described improving European military mobility as a key priority, and UK-German defence cooperation would be well-suited to help improve capabilities in this regard.[22] Here, an easy win would be the integration of the UK into the European Air Transport Command (EATC) to improve European strategic mobility.[23] The EATC is not an EU-initiative, and therefore politically more feasible to involve the UK. The EATC would have much to gain from British membership, as the UK has one of the largest air transport fleets, including the C-17 and the A400M – the latter being a widely used capability among the EATC members already.[24] Not joining the EATC in 2013 following a UK fact-finding mission has been attributed to political reasons, whereas the Air Force reportedly did see the benefits.[25] The UK is already a member of the Movement Coordination Centre Europe (MCCE), which shares its headquarter in Eindhoven with the EATC.

A second area with potential wide-reaching benefits of cooperation is long-range precision strike capabilities and air defence. One idea would be for Germany to join a selected weapons programme as part of the UK's Complex Weapons Programme (CWP).[26] The UK has recently embarked on updating its Multiple Rocket Launch System (MRLS) fleets in collaboration with the US, but that does not preclude UK-German collaboration on precision strike capabilities, such as the Deep Fires Rocket System.[27] The CWP is specifically designed to develop modular weapons systems, and has helped the UK make significant savings since the start of the programme.[28] Such efficiencies are laudable and welcome in an industry that is otherwise prone to duplication and failing to achieve value for money in procurement. The model itself could also be a useful reference point for Germany's Federal Ministry of Defence as it seeks to update its equipment. A second option would be for the UK to join, whether fully or as an observer, the German-Dutch Apollo Project, which seeks to improve ground-based air and missile defence. Particularly with regards to the doctrine-focused elements and short-range air defence, the countries would benefit even from the UK just having observer status.[29] Short-to-medium range air defence is a critical capability in Europe, and this would help to pave the way for plugging that gap.

Finally, a third area is in nuclear arms control. Although this remains an area of limited cooperation opportunities for the UK and Germany, there is a small window of opportunity for them to have a positive impact in this domain. While there are currently a range of European nuclear arms control initiatives, these primarily focus on disarmament rather than deterrence. As Heather Williams argues in her piece, the UK and Germany instead should jointly lead a "European security-driven approach

to arms control", which focuses both on maintaining NATO's nuclear mission, but also strengthens strategic stability.[30]

## 2. Creating pathways for joint learning, exercises and research

One major critique of the current UK-German defence relationship is that it is too ad hoc and unstructured, with cooperation taking place as a happy coincidence rather than a deliberate policy objective.[31] Given the extent to which the relationship is underused, as described above, this should not come as a surprise. Equally, that does not mean that small steps should not be taken to streamline the relationship, thereby making it more effective. Joint learning, exercises and research are often considered just the initial steps in defence cooperation. And yet, precisely because these are easy to achieve ambitions, they should be utilised more. Learning from shared experiences and sharing best practices can be highly beneficial, and is relatively low-cost to implement.

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With regards to joint research, there are a number of areas specific to 5G infrastructure where the UK and Germany would benefit from cooperation. First, they should continue research and collaborate on Open RAN technology, which essentially allows operators to mix hardware components.[32] Both countries have significant tech facilities that can be utilised in this endeavour. Doing so would allow for "security by design" in the setting of international standards. Perhaps more difficult, but worthwhile, as Beryl Thomas argues, is the expansion of the Huawei Cyber Security Evaluation Centre (HCSEC) model to Germany.[33] Through this model, the UK's National Cyber Security Centre (NCSC) vets any Huawei products before they come into use in the UK's telecommunications market, and assess any vulnerabilities stemming from Huawei technology. This would allow for verification mechanisms to be established from the onset, which allows for government-led evaluations of technology. The UK should share best practice and any lessons learned from the HSEC model with Germany.

Additionally, in the arms control domain, both countries can play a role in increasing Europe's "deterrence IQ," as Heather Williams put it. The UK and Germany have unique perspectives on the role nuclear weapons can play in deterrence, but this is not an experience all NATO members share per se. As a result, British and German governments should speak openly about the importance of deterrence, but also support civil society and academia to engage in and conduct rigorous independent research into deterrence challenges, NATO's nuclear posture and arms control issues.[34]

Beyond research, there are also significant rewards to be reaped from joint exercises and training opportunities. Joint exercises are in some respects partially symbolic, but more importantly they are also hugely beneficial and have a long history in defence cooperation between countries.[35] There is significant scope to expand cooperation in this area between the UK and Germany. In the air domain, the Air Forces could build an institutionalised relationship with seconded British officers to the Franco-German C-130 squadron.[36] This is not a new idea as such: in 2018 the UK established a Joint Typhoon Squadron with Qatar, which trains both British and Qatari pilots.[37] In terms of joint training, a joint training centre specifically for uninhabited systems would be

beneficial. This could provide joint learning opportunities to test and learn together, in Germany or on the Salisbury Plains.[38]

In cyber space, the UK and Germany could lead the way in building a closer European cyber community through cyber challenges. The UK currently already holds cyber challenges, which are open to other countries. There is also the European Cyber Security Challenge, which is an EU-funded initiative and for this year's edition in Prague excludes the UK. Instead of limiting participation, the UK and Germany should push for the participation of other countries in these challenges. In future, a joint UK-German cyber challenge initiative specifically for European partners could build on this and provide a pan-European opportunity to promote the development of cyber skills.[39]

Finally, the UK might also be able to provide valuable insights with regards to organisational learning. For example, the experience of embracing prototype warfare is an example of employing an open and user-centric approach. The Bundeswehr could learn from this bottom-up approach, as well as better understanding any organisational barriers that may exist when developing this kind of innovation process.[40]

## 3. Making joint capability investments for the future

This final theme is perhaps the most challenging to achieve: joint investments for capability development and equipment purchases have in the past often been a stumbling for defence cooperation between countries.

With financial resources also comes the need for greater accountability, value for money and perhaps most importantly, aligning national defence and security policy objectives. Aligning procurement cycles and funding rounds is notoriously difficult for government to do, even for countries as close as the UK and France, let alone countries whose defence ties do not run as deep. The EU's Coordinated Annual Review of Defence (CARD)'s first report found that after four years, little to no progress had been made: national approaches continue to prevail when it comes to defence cooperation, and the European capabilities landscape remains highly fragmented.[41] This just goes to show that even in instances where political and financial commitments have been made, progress on defence cooperation and joint capability development remains a significant undertaking and takes time.

To make things even more difficult, in some countries there is a contention between cooperation while also supporting the national defence industrial base.[42] Diverging views on the role and importance of defence companies and what constitutes national security infrastructure are a barrier in developing joint defence capabilities. And yet, the irony is that developing a stronger European defence industrial base through joint R&D development will ultimately help safeguard the whole of Europe - not just the one protectionist nation.[43]

Part of the challenge is forecasting which technologies will be needed for the wars of several decades from now. Once on a particular defence technology development trajectory, it is very difficult for countries to change course. Instead, adaptation to

ever-evolving security and threat environments is usually limited not by what should be done, but by what governments feel can be done.[44] This influences the ability to turn the switch on new technologies and new development partnerships.

While the challenges to overcomes are great, the potential benefits are greater. Joint investment into R&D and R&T technologies has the most potential to achieve economies of scale, presenting steep up-front investment costs but significant financial rewards later. In 2017, the EU, of which the UK was still a member then, operated 178 different weapons systems, and had 17 different tanks. For comparison, the US at the time operated 30 different weapon systems, and had 1 tank.[45] The consequence of this absence of standardisation is high production costs, and a lack of interoperability.[46] Indeed, a 2013 study estimated that the cost of the lack of defence cooperation in Europe amounted to anywhere between 25 billion EUR and 130 billion EUR annually; although a huge range, it gives some sense of the scale of inefficiencies.[47]

To put it simply, it makes sense for the UK, Germany and France – the three largest powers in Europe – to join forces"

To move beyond the happy coincidence of UK-German defence cooperation, and into more rewarding territory for both countries, this is a difficult, but nevertheless necessary step. The UK has experienced difficulties with recent projects – the future combat air systems (FCAS) project with France for example only served to undermine confidence in Britain being willing and able to invest in equipment development partnerships. Yet there is a myriad of future capabilities the UK and Germany could look to invest jointly in – many of these are described in our first report on capabilities, and need not be repeated here.[48]

Some areas for collaboration are more sensitive, whether politically or intellectual property-wise. The holy grail of defence equipment collaboration would be the merging of the FCAS and the Tempest air combat systems. To put it simply, it makes sense for the UK, Germany and France – the three largest powers in Europe – to join forces (along with Spain, the other FCAS partner). As our DGAP colleagues wrote: "the political, financial, technological and industrial implications of the respective future combat air systems are so significant that a merger of the two projects would shape European aerospace industry and capabilities for decades to come".[49] Creating a set of systems that are interoperable by design would be a game-changer for European defence and Europe's air power more specifically. Yet this is also a highly delicate area. In part, because of the abandoned UK-France FCAS project. In part also, because the Franco-German FCAS project has found itself in difficulty too. Both these programmes have very clearly underscored the challenges of achieving a high profile, major defence investment when there are diverging political stances and national priorities, even when there is a strong political commitment to the outcome from the highest echelons of government.[50]

The reality as of yet, however, remains that UK-German cooperation on defence equipment development is limited at the moment, and is likely to remain so for the foreseeable future and driven by randomly achieved equipment commonalities like the Boxer APC.[51] The greatest opportunities for collaboration on defence capabilities are perhaps during the R&D and R&T stage, with technologies that are of interest to both countries such as medium-to-long-range-missiles.[52]

# Conclusion

There are major opportunities for the UK and German to improve defence cooperation and position themselves as a defence axis for an autonomous Europe. To the contrary, the opportunity cost of not improving defence cooperation while the external threat environment continues to deteriorate is irresponsible and potentially dangerous. There exists a major opportunity for the UK and Germany to form an important axis which can drive and provide benefits to the whole of Europe. Shifting from working alongside each other to working together need not necessarily be politically difficult or require significant investment.

The real challenge, then, as this report and the previous ones have shown, is selecting which opportunities for collaboration are the most beneficial, cost effective, politically palatable and – perhaps most importantly – likely to succeed or complete in the case of capability development. As we have shown, there exist a myriad of opportunities to strengthen UK-German defence cooperation and build better collaboration between the two nations. However, to overcome the cycle of unstructured ad hoc cooperation, initiatives must be carefully selected and resources allocated to enable them to be successful.

This is not straightforward, which is why we suggest that the following three strategic themes are the best place to start:

1. **Cooperation to strengthen European defence**
2. **Creating pathways for joint learning, exercises and research**
3. **Making joint capability investments for the future**

As we have shown, UK-German cooperation has the potential to have far-reaching benefits. We have suggested cooperation initiatives, based on the previous reports we published, whereby bilateral cooperation will help strengthen European defence. We have also discussed opportunities for joint learning, training, and research. Generally considered easy wins to achieve, these are important exercises in building trust and establishing working relations. And finally, we discussed joint investment in defence equipment and capability development. This is perhaps the most difficult area which will require sustained investment and effort. And yet, it is also an area where there are many gains to be had – tackling this immensely difficult area of defence cooperation successfully would allow other countries and defence industries to replicate cooperation models, potentially with significant results.

In our reports, we have predominantly focused on the three conventional domains – land, sea and air – and areas which are of significance though where little cooperation takes place, such as nuclear arms control and 5G. Clearly, there are other areas in which cooperation would be relevant – space in particular. The potential benefits and challenges of cooperation in this domain certainly merit further discussion, but are beyond the scope of this research project. Improving UK-German defence cooperation with the strategic priority themes discussed in this report would be a good place to start.

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**Acknowledgements**

We are grateful to the Hanns Seidel Foundation for supporting this research project. The views expressed in this paper do not necessarily reflect the positions of the Foundation or the Federal Republic of Germany. We also are hugely indebted to the officials at the British and German Ministries of Defence, former officials, industry leaders and experts who attended our two workshops in January and December 2020, and who provided support throughout the project, as well as to our colleagues who wrote the previous reports for this project. We are also grateful to the peer-reviewers for their helpful feedback and comments. Any errors remain, of course, the authors' sole responsibility.

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